



**COUNCILMEMBER DONNA FRYE**  
**Council District Six**  
**City of San Diego**

**M E M O R A N D U M**

DATE: July 17, 2009  
TO: Jan Goldsmith, City Attorney  
FROM: Councilmember Frye *Donna Frye*  
SUBJECT: Pension Fund Calculation Methodologies

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In light of recent discussions by the SDCERS Board, please provide, in writing, a response to the following questions:

1. When a city is experiencing "financial difficulty," is it legal to defer, in whole or part, the regular amount of contribution required to fully fund existing pension benefits?
2. If so, is there any limit on the City's ability to defer contributions under such circumstances? For example, if financial circumstances were dire enough, could the City defer the entire amount for one or more years?
3. If the SDCERS Board votes to change its funding calculation methodologies, is it legal for the Council to allow such decisions to stand by appropriating the lesser requested sums?
4. Before the Council takes any action appropriating the lesser requested sums in next year's budget, would the Council be required to separately calculate the total amount due for such backloaded amount over time, taking into account accrued assumed returns on the unpaid amounts for the period of non-payment?
5. And, if the Council were to take action appropriating the lesser requested sums in next year's budget, would the City be required to also promptly provide this information in its public finance disclosure materials (existing debt periodic reports, and future initial offering reports)?

CC: Honorable City Councilmembers  
Honorable Mayor Jerry Sanders  
Andrea Tevlin, Independent Budget Analyst  
SDCERS Board  
Stan Keller, Independent Consultant/ Monitor